

March 9, 1977

4-070A020
MAR 11 1977

Mrs. Mildred Lee
Interstate Commerce Commission
12th and Constitution Avenue, N.W.
Washington, D.C. 20423

8745
RECORDATION NO.

Filed & Recorded 013

50

MAR 11 1977 - 10 30 AM

CC Washington, D. C.

Dear Mrs. Lee:

INTERSTATE COMMERCE COMMISSION

Enclosed herewith for filing pursuant to Section 20 (c) of the Interstate Commerce Act are three counterparts of the following documents covering the equipment described in the Schedule and Equipment List A hereto: Lease Agreement and Schedule dated as of March 8, 1977, between B. A. Lease Assets, Inc., as Lessor, and Parker Brothers & Co., Inc., as Lessee.

The addresses of the parties to the above lease are as follows:

B. A. Lease Assets, Int.
P. O. Box 37017
San Francisco, California 94137

Parker Brothers & Co., Inc.
P. O. Box 107
Houston, Texas 77001

Please file and record the documents referred to in this letter and cross-index them under the names listed above. A check for \$50.00 is enclosed for payment of the recording fee. Please return to the undersigned or the person presenting this letter, your fee receipts for the recordation fee and all counterparts not required for filing.

Sincerely,

B. A. LEASE ASSETS, INC.

By 

James O. Heil
Assistant Vice President
Suite 3100 One Allen Center
500 Dallas
Houston, Texas 77001

FEE OPERATION BR.
I.C.C.

MAR 11 10 26 AM '77

RECEIVED

Enclosures: Cashier's Check for \$50.00
Lease Agreement - Lessee's Copy and Two Counterparts
Equipment List A

Handwritten note: C. O. Heil, B. A. Lease Assets, Inc.

Interstate Commerce Commission
Washington, D.C. 20423

3/11/77


OFFICE OF THE SECRETARY

Mr. James O. Heil
Assistant Vice President
Suite 3100 One Allen Center
500 Dallas, Houston, Texas 77001

Dear Sir:

The enclosed document(s) was recorded pursuant to the
provisions of Section 20(c) of the Interstate Commerce Act,
49 U.S.C. 20(c), on 3/11/77 at 10:30am,
and assigned recordation number(s) 8745

Sincerely yours,


Robert L. Oswald
Secretary

Enclosure(s)

SE-30
(5/76)

8745

RECORDATION NO. _____ FILE # _____

MAR 11 1977 - 10 30 AM

LEASE AGREEMENT

INTERSTATE COMMERCE COMMISSION

THIS LEASE AGREEMENT ("Lease") dated as of March 8, 1977, is between B. A. LEASE ASSETS, INC., a Delaware corporation, with its principal office at 555 California Street, San Francisco, California ("Lessor") and PARKER BROTHERS & CO., INC., a Texas corporation, with its principal office at 5303 Navigation, Houston, Texas ("Lessee").

Lessor agrees to acquire and lease to Lessee and Lessee agrees to hire from Lessor certain personal property (the "Units" and individually a "Unit") described in the Schedule (the "Schedule") attached hereto and made a part hereof, upon the terms and conditions hereinafter set forth:

Section 1. Procurement, Delivery and Acceptance.

1.1 Lessee has ordered the Units pursuant to a letter dated May 19, 1976, between Lessee and Ortner Freight Car Company ("Vendor") which letter incorporates Vendor's proposal OCN 1213-4-74 and a letter dated May 6, 1974, from Lessee to Vendor, all of which documents are hereinafter referred to as the "Purchase Agreement". Lessee hereby assigns to Lessor all the right, title and interest of Lessee in and to the Purchase Agreement insofar as it relates to the Units. Lessor hereby accepts the assignment and assumes the obligations Lessee has under the Purchase Agreement to purchase and pay for

the Units, but no other duties or obligations of Lessee thereunder; provided, however, that Lessee shall remain liable to Vendor in respect of its duties and obligations in accordance with the Purchase Agreement. Lessee represents and warrants in connection with the assignment of the Purchase Agreement that (a) Lessee has the right to assign the Purchase Agreement as set forth herein, (b) the right, title and interest of Lessee in the Purchase Agreement so assigned is free from all claims, liens, security interests and encumbrances, (c) Lessee will warrant and defend the assignment against lawful claims and demands of all persons, and (d) the Purchase Agreement contains no conditions under which Vendor may reclaim title to any Unit after delivery, acceptance and payment therefor.

1.2 The obligation of Lessor to pay for each Unit is subject to the following conditions:

(a) Lessee shall have executed and delivered to Lessor on or before the Availability Date set forth in the Schedule, an Acceptance Supplement therefor in the form attached hereto ("Acceptance Supplement") dated and delivered on the date as of the time that title to the Unit has been transferred by Vendor ("Delivery Date") confirming that such Unit (i) has been accepted by Lessee as

of such Delivery Date and (ii) has become subject to and governed by all the provisions of this Lease;

(b) There shall exist no Event of Default or any condition, event or act, which with notice or lapse of time or both, would become an Event of Default, which has not been remedied or waived.

If any of the foregoing conditions have not been met with respect to any Unit, Lessee shall be deemed to have assumed the obligation of Lessor to pay the purchase price in accordance with the Purchase Agreement, and upon such payment, Lessor shall assign, transfer and set over unto the Lessee all the right, title and interest of Lessor in and to such Unit and the Purchase Agreement insofar as it relates to such Unit.

Section 2. Term, Rent and Payment.

2.1 The term of this Lease as to each Unit shall commence on the Date of Delivery in respect thereof and continue as specified in the Schedule.

2.2 The rental for each Unit shall be in the amount set forth in the Schedule and shall be payable at the times set forth in the Schedule.

2.3 Rent and all other sums due Lessor hereunder shall be paid at the principal office of Lessor set forth above.

2.4 This Lease is a net lease and Lessee shall not be entitled to any abatement or reduction of rent or any setoff against rent, whether arising by reason of any past, present or future claims of any nature by Lessee against Lessor or otherwise. Except as otherwise expressly provided herein, this Lease shall not terminate, nor shall the obligations of Lessor or Lessee be otherwise affected by reason of any defect in, damage to, loss of possession or use or destruction of any of the Units however caused, by the attachment of any lien, encumbrance, security interest or other right or claim of any third party to any Unit, by any prohibition or restriction of or interference with Lessee's use of the Unit by any person or entity, or by the insolvency of or the commencement by or against Lessee of any bankruptcy, reorganization or similar proceeding, or for any other cause, whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding. It is the intention of the parties that all rent and other amounts payable by Lessee hereunder shall be payable in all events in the manner and at the times herein provided unless Lessee's obligations in respect thereof have been terminated pursuant to the express provisions of this Lease.

Section 3. Warranties.

3.1 LESSEE ACKNOWLEDGES AND AGREES THAT LESSOR HAS NOT MADE, AND DOES NOT HEREBY MAKE, ANY REPRESENTATION OR WARRANTY OR COVENANT, EXPRESS OR IMPLIED, WITH RESPECT TO THE MERCHANTABILITY, DESIGN, CONDITION, DESCRIPTION, DURABILITY, QUALITY OF THE MATERIAL, EQUIPMENT, OR WORKMANSHIP IN, OR SUITABILITY OF ANY UNIT IN ANY RESPECT OR IN CONNECTION WITH OR FOR THE PURPOSES AND USES OF LESSEE, AND THAT LESSOR HAS NOT MADE, AND DOES NOT HEREBY MAKE, ANY WARRANTY AS TO TITLE TO THE UNIT OR ANY COMPONENT THEREOF. It is agreed that all such risks as between Lessor and Lessee are to be born by Lessee. Lessor hereby irrevocably appoints and constitutes Lessee its agent and attorney-in-fact during the term of this Lease to assert and enforce from time to time, in the name of and for account of Lessor and/or Lessee, as their interests may appear, at Lessee's full cost and expense, whatever claims and rights Lessor may have against Vendor, provided that any action taken by Lessee shall be consistent with Lessee's obligations pursuant to Section 2 hereunder.

Section 4. Possession, Use and Maintenance.

4.1 Lessee shall not use, operate, maintain or store any Unit improperly or carelessly, and Lessee agrees to comply in all respects (including, without limitation,

with respect to the use, maintenance and operation of each Unit) with all laws of the jurisdictions in which its operations involving the Units may extend, with the interchange rules of the Association of American Railroads and with all lawful rules of the Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Units, to the extent that such laws and rules effect the title, operation or use of the Units, and in the event that such laws or rules require any alteration, replacement or addition of or to any part on any Unit, Lessee will conform therewith at its own expense; provided, however, that Lessee may, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of Lessor, adversely effect the property or rights of Lessor under this Lease.

As long as Lessee shall not be in default under this Lease, Lessee shall be entitled to the possession and use of the Units in accordance with the terms of this Lease, but, without the prior written consent of Lessor or as set forth in the last paragraph of this section, Lessee shall not assign or transfer its leasehold interest under this Lease in the Units or any of them. Lessee, at its own expense, will promptly pay or discharge any and all sums claimed by any party which, if unpaid, might become

a lien, charge, security interest or other encumbrance upon or with respect to any Unit, including any accession thereto, or the interest of Lessor or Lessee therein, and will promptly discharge any such lien, claim, security interest or encumbrance which arises. Lessee shall not, without the prior written consent of Lessor, part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Units, except to the extent permitted by the provisions of the immediately succeeding paragraph.

As long as Lessee shall not be in default under this Lease, the Lessee shall be entitled to sublease the Units to Western Rail Road Company. Lessee shall not assign or permit the assignment of any Unit to service involving the regular operation and maintenance thereof outside the location specified in the Schedule.

4.2 Lessee agrees that, at its own cost and expense, it will maintain and keep each Unit in good operating order, repair, condition and appearance.

4.3 Lessee shall not alter any Unit or affix or install any accessory, equipment or device on any Unit, if such alteration or addition will impair the originally intended function or use or reduce the value of any such Unit. All repairs, parts, supplies, accessories, equipment

and devices furnished, affixed, or installed to or on any Unit shall thereupon become the property of Lessor. If no Event of Default has occurred and is continuing, Lessee may remove at its expense any such accessories, equipment and devices at the expiration of the term with respect to such Unit, provided that such removal will not impair the originally intended function or use of such Unit.

4.4 Lessee will cause each Unit to be kept numbered with the identifying number set forth in the Acceptance Supplement applicable thereto, and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each Unit, in letters not less than one inch in height, the words "B. A. Lease Assets, Inc., Owner-Lessor" or other appropriate words designated by the Lessor, with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the Lessor's title to and property in such Unit and the rights of Lessor under this Lease. Lessee will not place any such Unit in operation or exercise any control or dominion over the same until such name and words shall have been so marked on both sides thereof and will replace promptly any such name and words which may be removed, defaced or destroyed. Lessee will not change the identifying number of any Unit unless and until a statement of new number or numbers to be

substituted therefor shall have been filed with Lessor and filed, recorded and deposited by Lessee in all public offices where this Lease shall have been filed, recorded and deposited.

Except as provided in the immediately preceding paragraph, Lessee will not allow the name of any person, association or corporation to be placed on any Unit as a designation that might be interpreted as a claim of ownership; provided, however, that the Units may be lettered with the names or initials or other insignia customarily used by Lessee.

Section 5. Taxes.

5.1 All payments to be made by Lessee hereunder will be free of expense to Lessor with respect to the amount of any local, state or federal taxes (other than any federal, state or city net income taxes or franchise taxes measured by net income based on such receipts, except any such tax which is in substitution for or relieves Lessee from the payment of taxes which it would otherwise be obligated to pay or reimburse as herein provided) or license fees, assessments, charges, fines or penalties (all such expenses, taxes, license fees, assessments, charges, fines and penalties, together with any interest payable with respect thereto being hereinafter called "Impositions") hereafter levied or imposed upon or in connection with or measured by this Lease or any sale, rental, use, payment,

shipment, delivery or transfer of title under the terms hereof, all of which Impositions Lessee assumes and agrees to pay on demand in addition to the payments to be made by it provided for herein. Lessee will also pay promptly all Impositions which may be imposed upon any Unit or for the use or operation thereof or upon the earnings arising therefrom (except as provided above) or upon Lessor solely by reason of its ownership thereof and will keep at all times all and every part of such Unit free and clear of all Impositions which might in any way affect the title of Lessor or result in a lien upon any such Unit; provided, however, that Lessee shall be under no obligation to pay any Impositions of any kind so long as it is contesting in good faith and by appropriate legal proceedings such Impositions and the nonpayment thereof does not, in the opinion of Lessor, adversely affect the title, property or rights of Lessor hereunder. If any impositions shall have been charged or levied against Lessor directly and paid by Lessor, Lessee shall reimburse Lessor on presentation of an invoice therefor.

5.2 In the event any reports with respect to Impositions are required to be made, Lessee shall make such reports in such manner as shall be satisfactory to Lessor.

Section 6. Risk of Loss; Waiver and Indemnity.

6.1 In the event that any Unit shall be or become worn out, lost, stolen, destroyed, or irreparably damaged, from any cause whatsoever, or taken or requisitioned by condemnation or otherwise (any such occurrence being hereinafter called a "Casualty Occurrence") during the term of this Lease, Lessee shall promptly and fully notify Lessor with respect thereto. On the rental payment date next succeeding such notice Lessee shall pay to Lessor an amount equal to the rental payment or payments in respect of such Unit due and payable on such date plus a sum equal to the Casualty Value (as defined in the Schedule) of such Unit as of the date of such payment as set forth in the Schedule. Upon the making of such payment by Lessee in respect of any Unit, the rental for such Unit shall cease to accrue, the term of this Lease as to such Unit shall terminate and (except in the case of loss, theft or complete destruction) Lessor shall be entitled to recover possession of such Unit. Provided that Lessor has received the Casualty Value for any Unit, Lessee shall be entitled to the proceeds of any recovery in respect of such Unit from insurance or otherwise to the extent that they do not exceed the Casualty Value of such Unit, and any excess shall be retained by Lessor.

Except as hereinabove in this Section 6.1 provided, Lessee shall not be released from its obligations hereunder in the event of, and shall bear the risk of, any Casualty Occurrence to any Unit from and after the Date of Delivery with respect to such Unit.

6.2 Lessee hereby waives and releases any claim now or hereafter existing against Lessor on account of, and agrees to indemnify, reimburse and hold Lessor harmless from, any and all claims (including, but not limited to, claims relating to patent infringement and claims based upon strict liability in tort), losses, liabilities, demands, suits, judgments or causes of action, and all legal proceedings, and any costs or expenses in connection therewith, including attorneys' fees and expenses which may result from or arise in any manner out of the condition, use or operation of any Unit during the term hereof with respect to such Unit, or which may be attributable to any defect in any Unit, arising from the material or any article used therein or from the design, testing or use thereof during the term hereof with respect thereto, or from any maintenance, service, repair, overhaul or testing of any Unit during the term hereof with respect thereto regardless of when such defect shall be discovered, whether or not such Unit is in the possession of Lessee and no matter where it is located.

Section 7. Insurance.

Lessee at its own cost and expense, shall maintain public liability and property damage insurance against such risks and for such amounts as Lessor may require. All such insurance shall be in such form and with such companies as Lessor shall approve, shall name Lessor and Lessee as insureds and shall provide that such insurance may not be cancelled as to Lessor or altered without at least ten days prior written notice to Lessor. All liability insurance shall be primary without right of contribution from any other insurance carried by Lessor. Lessee shall deliver to Lessor on or before the Delivery Date of each Unit evidence satisfactory to Lessor of all such insurance.

Section 8. Default.

8.1 If, during the term of this Lease, one or more of the following events ("Events of Default") shall occur:

(a) Default shall be made by Lessee in the making of any payments to Lessor when due hereunder and such default shall continue for a period of ten days;

(b) Any representation or warranty of Lessee contained herein or in any document furnished to Lessor in connection herewith shall be untrue or incorrect in any material respect when made;

(c) Default shall be made in the observance or performance of any of the other covenants, conditions, agreements or warranties made by Lessee hereunder and such default shall continue for ten days after written notice thereof to Lessee;

(d) Lessee shall commit any affirmative act of insolvency, or file any petition or action under any bankruptcy, reorganization, insolvency or moratorium law, or any other law or laws for the relief of, or relating to, debtors; or

(e) Any involuntary petition shall be filed under any bankruptcy statute against Lessee, or any receiver or trustee shall be appointed to take possession of the properties of Lessee, unless such petition or appointment is set aside or withdrawn or ceases to be in effect within sixty days from the date of said filing or appointment;

(f) Default shall occur under any agreement involving the borrowing of money or the advance of credit to which Lessee may be a party as borrower, if the holder of the obligation accelerates the indebtedness as a result of such default;

then, in any such case, Lessor, at its option may:

(aa) proceed by appropriate court action or actions either at law or in equity, to enforce performance by Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof; or

(bb) by notice in writing to Lessee terminate this Lease, whereupon all rights of Lessee to the use of the Units shall absolutely cease and terminate, but Lessee shall remain liable as hereinafter provided; and thereupon Lessor may by its agents enter upon the premises of Lessee or other premises where any of the Units may be and take possession of all or any of such Units and thenceforth hold the same free from any right of Lessee, its successors or assigns, but Lessor shall, nevertheless, have a right to recover from Lessee any and all amounts which under the terms of this Lease may be then due or which may have accrued to the date of such termination (computing the rental for any number of days less than a full rental period by multiplying the rental for such full rental period by a fraction of which the numerator is such number of days and the denominator

is the total number of days in such full rental period) and also to recover forthwith from Lessee (i) as damages for loss of the bargain and not as a penalty, a sum, with respect to each Unit, which represents the excess of (x) the present value, at the time of such termination, of the entire unpaid balance of all rental for such Unit which would otherwise have accrued hereunder from the date of such termination to the end of the term of this Lease as to such Unit over (y) the then present value of the rentals which Lessor reasonably estimates to be obtainable for the Unit during such period, such present value to be computed in each case by discounting at a rate equal to the then judgment rate of interest fixed under the law of the State of California, compounded at the same frequency as rentals are paid hereunder, from the respective dates upon which rentals would have been payable hereunder had the Lease not been terminated, and (ii) any damages and expenses in addition thereto which the Lessor shall have sustained by reason of the breach of any covenant, representation or warranty contained in this Lease other than for the payment of rental.

8.2 In the event of any action at law or suit in equity in relation to this Lease, Lessee in addition to all other sums which Lessee may be required to pay, will, if Lessor prevails in such action or suit, pay to Lessor a reasonable sum for its attorneys' fees and all other costs and expenses of such action or suit.

8.3 The remedies hereunder provided in favor of Lessor shall not be deemed exclusive, but shall be cumulative, and shall be in addition to all other remedies in its favor existing at law or in equity. Lessee hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify the remedies herein provided, to the extent that such waiver is permitted by law.

Section 9. Return of Units.

Upon expiration of the term of this Lease with respect to any Unit, or if Lessor shall rightfully demand possession of any Unit pursuant to this Lease or otherwise, Lessee, at its own cost and expense, shall forthwith deliver possession of such Unit to Lessor upon such storage tracks of Lessee as Lessee may designate, or, in the absence of such designation, as Lessor may select, and permit Lessor to store such Unit on such tracks for a period not exceeding three months and transport the same, at any time within such

three-month period to any carrier for shipment, all as directed by Lessor; the movement and storage of such Unit to be at the expense and risk of Lessee. Each Unit returned to Lessor pursuant to this section shall (a) be in the same order, repair and condition as when originally delivered to Lessee, ordinary wear and tear excepted, and (b) be presentable for interchange under the standards of the Association of American Railroads or its successor. During any such storage period Lessee will permit Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of such Unit, to inspect the same; provided, however, that Lessee shall not be liable, except in the case of negligence of Lessee or of its employees or agents, for any injury to, or death of, any person exercising, either on behalf of Lessor or any prospective purchaser or Lessee, the rights of inspection granted under this sentence. The assembling, delivery, storage and transporting of the Units as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises, Lessor shall be entitled to a decree against Lessee requiring specific performance of the covenants of Lessee so to assemble, deliver, store and transport the Units.

Section 10. Assignment.

All or any of the right, title or interest of Lessor in and to this Lease, and the rights, benefits and advantages of Lessor hereunder, including the rights to receive payment of rental or any other payment hereunder, and title to the Units, may be assigned or transferred by Lessor at any time. Any such assignment or transfer shall be subject and subordinate to the terms and provisions of this Lease and the rights and interests of Lessee hereunder. No assignment of this Lease or any right or obligation hereunder whatsoever may be made by Lessee or any assignee of Lessee without the prior written consent of Lessor.

Section 11. Further Assurances.

Lessee will, at its expense, do and perform any act and will execute, acknowledge, deliver, file, register and record this Lease and any further instruments which Lessor may reasonably request in order to protect Lessor's title to the Units, this Lease, and the rights and benefits thereof. This Lease shall be filed and recorded with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act prior to the delivery and acceptance hereunder of any Unit to which such document relates.

Section 12. Late Payments.

Lessee shall pay to Lessor, on demand, interest at the rate of ten percent per annum on the amount of any payment not made when due hereunder from the date thereof until payment is made.

Section 13. Effect of Waiver.

No delay or omission to exercise any right, power or remedy accruing to Lessor upon any breach or default of Lessee hereunder shall impair any such right, power or remedy nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein or of or in any similar breach or default thereafter occurring, nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any kind or character on the part of Lessor of any breach or default under this Lease must be in writing specifically set forth.

Section 14. Survival of Covenants.

All covenants of Lessee under Section 1, 2, 4, 5, 6, 8, 9 and 12 shall survive the expiration or termination of this Lease to the extent required for their full observance and performance.

Section 15. Applicable Law; Effect and Modification of Lease.

15.1 This Lease shall be governed by, and construed under the laws of the State of California; provided, however, that the parties shall be entitled to all rights conferred by Section 20c of the Interstate Commerce Act.

15.2 This Lease exclusively and completely states the rights of Lessor and Lessee with respect to the leasing of the Units and supersedes all prior agreements, oral or written, with respect thereto. No variation or modification of this Lease and no waiver of any of its provisions or conditions shall be valid unless in writing.

Section 16. Financial Information.

Lessee shall keep its books and records in accordance with generally accepted accounting principles and practices consistently applied and shall deliver to Lessor its annual audited financial statements.

Section 17. Notices.

All demands, notices and other communications hereunder shall be in writing and shall be deemed to have been duly given when personally delivered or when deposited in the mail, first class postage prepaid, or delivered to a telegraph office, charges prepaid, addressed as follows:

To Lessor:

B. A. Lease Assets, Inc.
P. O. Box 37070
San Francisco, California 94137
Attention: Documents Supervisor

To Lessee:

Parker Brothers & Co., Inc.
P.O. Box 107
Houston, Texas 77001

or at such other address as may hereafter be furnished in writing
by either party to the other.

Section 18. Counterparts.

Five counterparts of this Lease have been executed
by the parties hereto. One counterpart has been prominently
marked "Lessor's Copy". One counterpart has been prominently
marked "Lessee's Copy". Only the counterpart marked "Lessor's
Copy" shall evidence a monetary obligation of Lessee.

IN WITNESS WHEREOF, the parties hereto have executed
this Lease as of the day and year first above written.

B. A. LEASE ASSETS, INC.

By 

Assistant Vice President

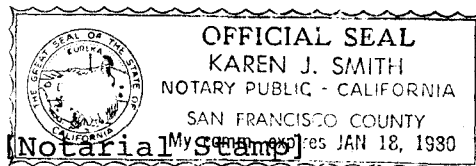
By 

PARKER BROTHERS & CO., INC.

By 

State of California)
) ss.
County of San Francisco)

On this 8th day of March, 1977, before me personally appeared Bruce D. Gray, to me personally known, who, being by me duly sworn, says that he is a Assistant Vice President of B. A. Lease Assets, Inc., that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.



Karen J. Smith
Notary Public

State of Texas)
) ss.
County of HARRIS)

On this 10TH day of MARCH, 1977, before me personally appeared William R. Parker Jr, to me personally known, who, being by me duly sworn, says that he is THE PRESIDENT of Parker Brothers & Co., Inc., that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation, that said

instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.



J. W. COLBURN Notary Public

[Notarial Seal]

SCHEDULE

Section 1. Description of Units and Maximum Purchase Price.

<u>Description</u>	<u>Estimated Purchase Price</u>
100 100-ton "Rapid Discharge" TM Aggregate Cars	\$2,673,000

The aggregate actual Purchase Price of all Units shall not exceed \$2,800,000 without the prior written consent of Lessor.

Section 2. Term.

The lease term for each Unit shall commence on the Delivery Date of such Unit in respect thereof and expire 147 months after June 1, 1977.

Section 3. Rental.

Interim Rental:

Rental for each Unit for the period from the Delivery Date in respect thereto to June 1, 1977, shall be paid on the 1st day of each month commencing on the 1st day of the month following the Delivery Date in respect thereto. The daily rental for each Unit shall be an amount equal to .02927% of the Purchase Price in respect thereto.

Base Rental:

The rental for each Unit shall be in 49 consecutive quarterly installments, payable on the 1st day of each June, September, December and March of each year commencing on September 1, 1977. Each quarterly rental for each Unit shall be in an amount equal to 2.634% of the Purchase Price in respect thereto.

Section 4. Availability Date.

Lessor will purchase Units pursuant to this Lease Schedule until June 1, 1977.

Section 5. Location.

State of Texas.

Section 6. Casualty Value.

The Casualty Value of each Unit as of each rental payment date in respect thereto shall be that percentage of the Purchase Price of such Unit as is set forth below opposite the number of rental payments in respect of such Unit which would have become due to and including such date.

<u>Rental Payment No.</u>	<u>Percentage</u>	<u>Rental Payment No.</u>	<u>Percentage</u>
Interim Rental Period	102.5%	25	82.5%
1	112.6%	26	80.8%
2	111.5%	27	79.2%
3	110.9%	28	77.2%
4	110.6%	29	68.7%
5	110.3%	30	67.0%
6	109.7%	31	65.2%
7	109.1%	32	63.3%
8	108.5%	33	61.5%
9	108.0%	34	59.5%
10	107.7%	35	57.5%
11	107.3%	36	55.5%
12	107.0%	37	53.4%
13	106.6%	38	51.3%
14	105.8%	39	49.1%
15	102.9%	40	46.9%
16	101.8%	41	44.7%
17	100.6%	42	42.3%
18	99.4%	43	40.0%
19	98.1%	44	37.6%
20	96.3%	45	35.2%
21	88.3%	46	32.7%
22	86.9%	47	30.2%
23	85.5%	48	27.6%
24	84.0%	49	25.0%

Section 7. Tax Indemnification.

7.1 This Lease has been entered into on the basis that Lessor shall be entitled to such deductions, credits and other tax benefits as are provided by federal, state and local law to an owner of property ("Tax Benefits") including, without limitation:

(a) The investment credit allowed by Section 38 and related sections of the Internal Revenue Code of 1954, as amended (Code), in an amount equal to 10% of the Purchase Price of the Units;

(b) The deduction for depreciation on the Units under Section 167 of the Code based upon (i) a useful life of 12 years, (ii) a salvage value equal to 10% of the Purchase Price and Lessor being entitled to elect, pursuant to Code Section 167(f), to reduce the salvage value of the Units by 10% of the Purchase Price, and (iii) utilization of the double-declining balance method switching to the sum-of-the-years-digits method and switching from the sum-of-the-years-digits method to the straight line method at such time as to maximize such deduction.

7.2 If Lessor shall lose, shall not have or shall lose the right to claim, or if there shall be disallowed or recaptured with respect to Lessor, all or any portion of the Tax Benefits as are provided to an owner of property with respect to any Unit by reason of (a) the transactions contemplated by this Lease and the Lease dated as of March 11, 1977 between Lessor and NAC Leasing Corporation not meeting the requirements for a true lease under Rev. Proc. 75-21 other than those requirements set forth in

Section 4(l)(A) and (B) and Section 4(6) thereof, (b) any act or omission attributable to Lessee, or (c) the Units not being "new Section 38 property" as that term is defined in Section 48 of the Code ("Loss") then on the next succeeding rental payment date after written notice to Lessee by Lessor that a Loss has occurred, or if there be no such date, thirty days following such notice, Lessee shall pay Lessor an amount which, in the reasonable opinion of Lessor and after deduction of all taxes required to be paid by Lessor with respect to the receipt of such amount, will cause the Lessor's net after-tax return over the term of the Lease in respect of such Unit to equal the net after-tax return that would have been available if Lessor had been entitled to the utilization of all of the Tax Benefits.

7.3 For purposes of this Section 7, a Loss shall occur upon the earliest of (a) the happening of any event (such as disposition or change in use of any Unit) which may cause such Loss, (b) the payment by Lessor to the Internal Revenue Service of the tax increase resulting from such Loss, or (c) the adjustment of the tax return of Lessor to reflect such Loss. Lessor shall not be entitled to a payment under this Section 7 on account of any Loss due solely to one or more of the following events: (aa) a disqualifying disposition due to sale of the Unit by Lessor prior to any default by Lessee, (bb) a failure of Lessor to claim timely or properly the Tax Benefits for the Unit in the tax return of the Lessor, (cc) a disqualifying change in the nature of Lessor's business or liquidation thereof, (dd) a foreclosure by any person holding through Lessor of a lien on the Unit, which foreclosure results solely from an act of

Lessor, (ee) any event which by the terms of this Lease requires payment by the Lessee of the Casualty Value, if such Casualty Value is thereafter actually paid by the Lessee, or (ff) the failure of Lessor to have sufficient taxable income or tax liability to utilize such Tax Benefits.

7.4 All of the Lessor's rights and privileges arising from the indemnities contained in this Section 7 shall survive the expiration or other termination of this Lease.

7.5 For purposes of this Section 7, the term "Lessor" shall include any affiliated group (within the meaning of Section 1504 of the Code) of which Lessor is a member for any year in which a consolidated income tax return is filed for such affiliated group.

ACCEPTANCE SUPPLEMENT

Reference is made to the Lease Agreement dated as of March 8, 1977, between B. A. Lease Assets, Inc., as Lessor, and Parker Brothers & Co., Inc., as Lessee. The terms used herein shall have the same meaning as such terms have in such Lease Agreement.

The undersigned certifies that the following Units have been accepted by Lessee for leasing under the Lease, that such Units have become subject to and governed by the provisions of the Lease, and that Lessee is obligated to pay the rentals and all other sums provided for in the Lease with respect to such Units.

<u>Description of Units</u>	<u>Identifying Number</u>	<u>Purchase Price</u>
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Total Purchase Price

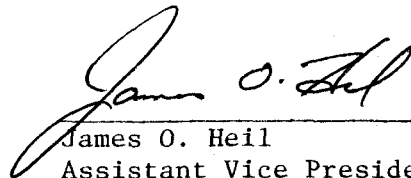
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March 8, 1977

Equipment List A

Supplement for recording with the Interstate Commerce Commission
Lease Agreement between B. A. Lease Assets, Inc. and Parker Brothers
& Co., Inc., dated March 8, 1977.

<u>Description of Units</u>	<u>Quantity</u>	<u>Identifying Numbers</u>
100-Ton "Rapid Discharge" (TM) Aggregate Cars, (Open Top Hoppers - AAR Classification HTS)	100	WRRC 255-354



James O. Heil
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